

VZCZCXRO8175
OO RUEH DU RUEHMR RUEHRN
DE RUEHSB #0981/01 3031458
ZNY CCCCC ZZH
O 291458Z OCT 08
FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3635
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHAR/AMEMBASSY ACCRA 2394
RUEHDS/AMEMBASSY ADDIS ABABA 2514
RUEHRL/AMEMBASSY BERLIN 1018
RUEHBY/AMEMBASSY CANBERRA 1790
RUEHDK/AMEMBASSY DAKAR 2145
RUEHKM/AMEMBASSY KAMPALA 2570
RUEHNR/AMEMBASSY NAIROBI 4998
RUEAIIA/CIA WASHDC
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK
RHMFISS/EUCOM POLAD VAIHINGEN GE
RHEFDIA/DIA WASHDC
RUEHGV/USMISSION GENEVA 1663
RHEHAAA/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000981

SIPDIS

AF/S FOR B. WALCH
DRL FOR N. WILETT
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
STATE PASS TO USAID FOR E. LOKEN AND L. DOBBINS
STATE PASS TO NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN

E.O. 12958: DECL: 10/29/2018
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [KDEM](#) [EAID](#) [ZI](#)
SUBJECT: AMBASSADOR MEETS WITH RBZ BOARD MEMBER

REF: HARARE 945

Classified By: Ambassador James D. McGee for reason 1.4(d).

SUMMARY

¶1. (C) The Ambassador met October 29 with Lovemore Chihota, a successful Zimbabwean businessman, war veteran, and current member (and former chairman) of the board of the Reserve Bank of Zimbabwe (RBZ). Chihota painted himself as a political moderate, constantly referring to President Mugabe as "the old man", and praised the Movement for Democratic Change's (MDC) progress in changing the political landscape. Nonetheless, he claimed the RBZ and board had provided the Zimbabwean government (GOZ) with good economic guidance, but the regime had refused to implement the board's policies. He promised to follow up on the Ambassador's requests to look into the theft of about USD 7 million from the Global Fund and permission for NGOs to use foreign currency in their operations. END SUMMARY.

ZANU-PF: Contempt and Arrogance

¶2. (C) Lovemore Chihota, a Morehouse College alumnus, runs a successful high-end photographic safari lodge in the Matetsi area, just west of Victoria Falls. He told the Ambassador that business is doing well, and that about one-third of his clientele are American citizens. Chihota began by criticizing the current government as contemptuous of its own people and politically intolerant; this had left ZANU-PF leadership arrogant and in denial of the inevitability of political change in Zimbabwe. Chihota explained that during his tenure as chairman of the RBZ board, he traveled to Korea and India where he learned about their dramatic economic transformations. On his return, he explained to ZANU-PF the steps needed for Zimbabwe to make a similar transformation, but he claimed his recommendations

were never implemented by President Mugabe's policy makers. He cited the 1998 decision to pay damages to war veterans as the beginning of Zimbabwe's economic collapse and criticized the current regime's greed, acknowledging sanctions did not cause Zimbabwe's woes.

13. (C) He went on to criticize Mugabe's managerial skills, describing him as a politician rather than someone interested in crafting and implementing policy. Chihota chided ZANU-PF ministers as overly loyal to Mugabe and only interested in political patronage and alliances rather than sound economic practices. Chihota told the Ambassador that the Shona are very tolerant, but -- referencing the liberation war -- they can only take so much before they say "enough is enough."

Deal: A Good Start

14. (C) Chihota praised the MDC's resilience and ability to persevere despite the government's efforts to quash any opposition. He said that he thought the power-sharing deal between ZANU-PF and MDC could work because: (1) the Prime Minister will preside over the Council of Ministers, where the MDC factions have a majority, and (2) he believes Mugabe will not obstruct or frustrate Morgan Tsvangirai's efforts to implement stabilizing policies.

"Stealing is a Strong Word"

HARARE 00000981 002 OF 002

15. (C) The Ambassador pressed Chihota, one of eight members of the RBZ's board, on two outstanding and urgent issues. First, he blasted the RBZ for stealing approximately USD 7 million from the Global Fund for AIDS, TB, and Malaria that was donated to Zimbabwe last year and asked where that money was now (ref). The Global Fund's Inspector General's team is now wrapping up an audit, and the money was supposed to be in the account by today. (NOTE: We subsequently learned that the new "promised by" date is November 7, the first day the Global Fund board is due to meet in India to decide on Zimbabwe's Round 8 application. END NOTE.) Chihota replied that "stealing is a strong word" and admitted that earlier in 2008, some funds were "reallocated" from foreign currency accounts, including his own, but that money is being paid back now. He complained that the bank can't return it all quickly because of a shortage of foreign currency. Chihota did not respond when the Ambassador pointed out that the RBZ continues to expend enormous sums of foreign currency to buy new cars rather than programs that benefit the people of Zimbabwe.

16. (C) Second, the Ambassador asked for a letter from the RBZ allowing NGOs to operate using foreign currency. He explained that NGOs delivering USG-purchased food aid cannot operate because of difficulties paying transport costs, salaries, and other operational costs. However, these operations could be conducted if NGOs were allowed to use foreign currency. Chihota promised to look into both issues, and he called the Ambassador back almost immediately after departure and asked for additional information to investigate the Global Fund issue and to facilitate issuance of letters, authorizing the use of forex, to NGOs.

COMMENT

17. (C) Chihota would clearly like us to believe he is among the moderate, level-headed businessmen who will help see Zimbabwe through the current crisis. While he may be among the more moderate members of ZANU-PF, as a member of the RBZ board he certainly is aware of and likely complicit in the

RBZ policies that continue to destroy the Zimbabwean economy to the detriment of a vast majority of Zimbabweans. We will continue contact with Chihota and hope that he will make headway on the issue of the theft of Global Fund monies and permission for NGOs to operate with foreign currency. END COMMENT.

MCGEE